

# Corporate Governance

## **Corporate governance in Auriga Industries A/S**

The Board of Directors considers it the most important task to look after the long-term interests of the company, and thereby of the shareholders. The guidelines for the overall management of Auriga are based on the company's articles of association, objectives, strategy and values and on the corporate governance principles laid down in, for example, legislation, best practice and recommendations.

The Copenhagen Stock Exchange has issued a set of revised "Corporate Governance Recommendations" for incorporation into the disclosure requirements for listed companies. The purpose of these recommendations is to ensure transparency about corporate management according to the comply-or-explain principle.

The statement on corporate governance in Auriga has been prepared in accordance with the eight main sections of recommendations. Auriga complies with the recommendations, but has chosen a different practice in a number of areas.

Read more about corporate governance on the Auriga website [www.auriga-industries.com](http://www.auriga-industries.com).

## **Role of shareholders and interaction with the management of the company**

The Board of Directors at regular intervals assesses the expediency of the company's capital and share structures. Auriga has two share classes, Class A shares with a nominal value of DKK 75 million, and Class B shares with a nominal value of DKK 180 million, where each Class A share carries ten votes, while each Class B share carries one vote. The Class B shares are listed on the Copenhagen Stock Exchange, while the Class A shares are non-negotiable. According to the charter of the Aarhus University Research Foundation, the foundation must hold all Class A shares and at least 51 per cent of the votes in Auriga. In the opinion of the Board of Directors and the management, the existing share structure is expedient for the continued positive development of the company.

Proxies given to the Board of Directors do not include the positions of shareholders regarding individual items on the agenda. The reason for this deviation from the recommendations is that, in the opinion of the Board of Directors, including the position of the shareholder regarding each item on the agenda on the proxy form does not take account of the development of the debate at the general meeting.

## **Role of stakeholders and their importance to the company**

The group management endeavours to strike a continuous balance in the creation of value for all the company's stakeholders. Auriga wants to contribute to corporate social responsibility, and with Cheminova's plan for the phasing-out of Class I products and the preparation of the CSR report, Auriga has put action behind its words.

## **Openness and transparency**

Through active and structured investor relations and information activities, a balanced dialogue is sought with investors, analysts and other stakeholders. All communication takes place with due regard being had to the rules of the Copenhagen Stock Exchange.

## **Tasks and responsibilities of the Board of Directors**

The Board of Directors every year discusses and establishes the overall strategic management of the group, planning the level of internal reporting to ensure the satisfactory financial and

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*Nobelparken is owned by Forskningsfondens Ejendomsselskab A/S (the real-estate company of Aarhus University Research Foundation) – several university degrees can be obtained here.*



managerial supervision of the company. The procedures of the Board of Directors are also reviewed once a year with a view to matching the current needs of the company.

#### **Composition of the Board of Directors**

The Board of Directors is composed of a wide variety of competences, and the selection of new candidates is based on the degree of professional qualifications, possibly combined with broadly based international experience, deemed by the Board of Directors to be required to supplement those of the existing members. The Board of Directors of Auriga is independent and has no standing committees. A total of seven meetings were held by the Board of Directors in 2006, with the same number of meetings being planned for 2007.

In accordance with the recommendations, it will be proposed at the general meeting in 2007 that members of the Board of Directors be elected every year, instead of every other year as at present. Auriga has not defined how many honorary positions a member of the Board of Directors may hold, as more focus is being given to the input, qualifications and capacity of individual members. A systematic evaluation of the collaboration and working methods of the Board of Directors is made every year.

#### **Remuneration to the Board of Directors and the Board of Executives**

Members of the Board of Directors receive fixed remuneration and are not part of any share option or incentive schemes. The

Board of Directors determines the remuneration for the Board of Executives once a year. In addition to basic pay, members of the Board of Executives may receive share options, cash bonuses and pension contributions, any variable pay elements typically being performance-based. Other employee groups typically receive basic pay, bonus/profit-sharing and pension contributions.

The general meeting approves the remuneration for the Chairman, Deputy Chairman and other members of the Board of Directors, the amount of which is stated in the Annual Report. As regards the Board of Executives, the combined remuneration only is stated in the annual report, however with a specification of bonus and share option figures. No agreement has been made with any member of the Board of Executives which imposes obligations of an unusual nature on the group over and above one year of severance pay.

#### **Risk management**

The most significant business risks are identified and described in Auriga's annual report, while the most important risk-reducing procedures are described at an operational level. The Board of Directors monitors Cheminova's commercial and financial risk management, while also regularly evaluating the general risk exposure as such.

#### **Audit**

The Board of Directors reviews the internal control systems at least once a year, and for the time being the Board of Directors sees no need for the establishment of internal audits as such.



*The Danish Cheminova factory has been environmentally certified in accordance with OHSAS 18001, which covers occupational health and safety.*